

Community Development Block Grant (CDBG) and HOME Regulatory Requirements

The U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) and HOME entitlement funds support the Department of Housing and Community's (DHCD) programs. Sub-recipients can use CDBG funds to expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income persons. HOME funds are meant to build, buy, and/or rehabilitate affordable housing for rent or home ownership, or to provide direct rental assistance to low-income people. HUD requires that projects that receive these funds meet certain minimum criteria.

The following sections outline the regulatory requirements and information required from the applicant:

- A. CDBG/HOME Eligibility** - For a project to qualify for funding under CDBG or HOME, it must fall within the scope of either program. This guidebook includes informational checklists that can be used to determine if a project is eligible.
- B. Davis-Bacon Wage Rates** - Davis-Bacon wage regulations specify minimum wage rates that must be paid to certain categories of workers on some types of federally funded projects. The Davis-Bacon applicability threshold is \$2,000. Depending on the funding source and project size, Davis-Bacon applies when funding is used for construction and pre-development costs germane to the construction of the project. Davis-Bacon requirements will be determined upon selection of the project. Applicants must certify that they will comply with any applicable Davis-Bacon requirements by executing the Monitoring Certification Form included in the exhibits section of the Application Submission Package.
- C. Affirmative Action** - The Mayor's Office of the District of Columbia established a policy in June 1985 aimed at providing equal opportunity. Mayor's Order 85-85 has five objectives: 1) provide equal opportunity in employment; 2) prohibit discrimination in employment; 3) provide equal opportunity to all persons for participation in all District of Columbia contracts; 4) provide equal opportunity to Local/Small Disadvantaged Business Enterprises (LDBEs) in the performance of District of Columbia contracts; and 5) promote the full realization of equal employment through affirmative, continuing programs by contractors and sub-contractors in the performance of contracts with the District of Columbia Government. After selection of the proposal, an Affirmative Action Plan (AAP) is required to be submitted to DHCD for preliminary approval. The AAP must receive final approval by the Office of Local Business Development before the execution of an agreement. Also, enclosed with the AAP is a First Source Employment Agreement that must be completed and provided as part of the AAP.
- D. HUD Section 3** - HUD Section 3 regulations require that economic opportunities generated by HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be given to low- and very low-income persons. If, after receiving a funding award from DHCD, your project will require hiring staff or contracting with another organization, you must comply with Section 3 requirements. A business that hires low-income persons provides economic opportunities for these persons. The applicants must also fill out Section 3 forms, which are part of the AAP package, prior to initial closing.
- E. Tax Verification** - The Tax Verification validates that a developer is in compliance with the District of Columbia license and tax requirements. Verifications are required from two (2) city organizations: the D.C. Department of Employment Services (DOES) and the D.C. Office of Tax and Revenue (OTR). The results of this verification will determine whether the requesting organization is eligible to receive funding from DHCD.

- F. **Environmental Review** - Federally funded projects, in a particular CDBG and HOME projects, require environmental review under 24 CFR 58. The level of clearance is determined based on the project activity and whether there may be a compliance issue, e.g. historic preservation.
- G. **Vendor Eligibility List Verification** - The District of Columbia uses a list of “debarred” organizations that are ineligible to do business with the City. Organizations on this list cannot receive funding from DHCD. ***DHCD must verify that an organization is not on this list before approval of any project.*** Nothing is required of the applicant at this time.

GENERAL CDBG ELIGIBILITY GUIDELINES

Determining CDBG eligibility for a proposed project means answering “YES” to questions about **NATIONAL OBJECTIVES** and **ELIGIBLE ACTIVITIES**. Note that these general rules may not apply in a specific case due to detailed requirements and exceptions.

I. Does the project meet one of the three NATIONAL OBJECTIVES?

- A. LOW-MOD:** Seventy percent (70%) of the Department’s CDBG funds must be spent on projects that mostly benefit low- and moderate-income persons. (24 CFR, 570.208.a)

Low-income person - a member of a family with income equal to or less than 50 percent of the metropolitan area median family income.

Moderate-income person - a member of a family with income equal to or less than 80 percent of the median family income for the metropolitan area.

The following income limits were established based on Fiscal Year 2003 median family income levels for the Washington, D.C. area from the U.S. Department of Housing and Urban Development (HUD)

Number of Persons in Family								
D.C. Family Income Limits	1	2	3	4	5	6	7	8
Moderate-Income Maximum Income – 80%	\$39,550	\$45,200	\$50,850	\$ 56,500	\$61,000	\$65,550	\$70,050	\$74,600
Low-Income Maximum Income – 50%	\$30,450	\$34,800	\$39,150	\$42,500	\$47,000	\$50,450	\$53,950	\$57,400

LOW-MOD EXCEPTIONS

- ◆ **Housing:** A population that is less than 51% low- to moderate-income can qualify as long as the low-mod share is at least 20% and the CDBG share of the cost is limited to the share of units that will be low-mod.
- ◆ **Job Creation/Retention Activities:** Enterprise Community census tracts automatically qualify for these activities regardless of the income of the beneficiaries (see attached map).
- ◆ **Job Training/Placement:** When assisting businesses, the proportion of low- to moderate-income beneficiaries can be less than 51% as long as the CDBG share of the funding is no more than the share of program beneficiaries who are low- to moderate-income.

- B. SLUMS/BLIGHT:** Activities which aid in the prevention or elimination of slums or blight, whether on an area-wide or spot basis. (CFR 24, 570.208.b)
- C. URGENT NEEDS/NATURAL DISASTERS:** Addressing an immediate threat to health or welfare that appeared recently or became urgent within the last 18 months or so and cannot be immediately addressed in any other way. (CFR 24, 570.208.c)

I. Can the project be found on the list of ELIGIBLE ACTIVITIES?

1. Acquisition of real property by a government agency or nonprofit organization.
2. Disposition (sale, lease, donation, etc.) of real property.
3. Acquisition, construction, rehabilitation, or installation of public facilities and improvements by government agencies or nonprofit organizations, including:
 - ◆ Removal of architectural barriers to mobility, accessibility of elderly and disabled;
 - ◆ Energy efficient improvements;
 - ◆ Senior citizen centers, youth centers, and centers for the handicapped;
 - ◆ Shelters for the homeless or battered spouses, group homes for the mentally disabled;
 - ◆ Halfway houses for runaways, abused/neglected children, drug offenders, or parolees;
 - ◆ Neighborhood facilities, parks, and recreational facilities;
 - ◆ Health facilities, convalescent/nursing homes;
 - ◆ Parking facilities; and
 - ◆ Sidewalks and street/sewer improvements and public landscaping.
1. Clearance and demolition, including clean-up of environmentally contaminated sites.
2. Provision of new or expanded public services can take up to 15% of all CDBG funds. However, there is no limit when the activity is carried out by a community-based development organization, which can include community development corporations, nonprofit, and for profit organizations, to meet the non-housing community development needs identified in the District of Columbia Five-Year Consolidated Plan, or when the services are provided in an Enterprise Community (see map). These public services can include:
 - ◆ Services for senior citizens, the handicapped, the homeless, youth/recreational, battered/abused spouse, child care, abused/neglected children, and AIDS patients;
 - ◆ Health services and substance abuse;
 - ◆ Transportation services;
 - ◆ Employment training;
 - ◆ Crime awareness and prevention
 - ◆ Tenant/landlord counseling and fair housing activities
 - ◆ Energy conservation
 - ◆ Education
 - ◆ Recreation
1. Interim assistance where immediate action is needed pending permanent improvements, such as repair of streets, sidewalks, parks, playgrounds, public buildings, and special neighborhood clean-up efforts for trash/debris removal.
2. Relocation assistance and services for persons/businesses displaced by CDBG projects.
3. Acquisition, construction, or rehabilitation of privately owned utility distribution lines.

4. Direct home ownership assistance.
5. Assistance to micro-enterprises (businesses with five or fewer employees), including credit, technical assistance, counseling, child care, and transportation.
6. Technical assistance for capacity building purposes to government or nonprofits.
7. Rehabilitation activities, such as for:
 - ◆ Privately or publicly owned residential building, including by for profit organizations;
 - ◆ Privately or publicly owned commercial buildings (limited to exteriors and correction of code violations for privately owned buildings.
 - ◆ Inspection and enforcement of housing and building codes;
 - ◆ Renovation of closed buildings (such as schools) for use as a public facility or housing;
 - ◆ Evaluation and reduction of lead-based paint hazards; and
 - ◆ Historic preservation.
8. Economic development activities carried out by public agencies or private nonprofit or for profit entities that either:
 - a. Create at least one FTE permanent job per \$35,000 to \$50,000 of CDBG funds (except that public facilities improvement must meet a tougher threshold - \$10,000 maximum for each permanent FTE if justified under this provision), or
 - b. Benefit at least one low- to moderate-income person per \$1,000 of CDBG funds.

NOTE: *Economic development activities carried out in an Enterprise Community (see map) need not meet these criteria.*
9. Activities by community-based development organizations (CBDOs) to carry out neighborhood revitalization, community economic development (defined as stimulating or retaining businesses or permanent jobs and increasing economic opportunity for low- to moderate-income persons through such things as job training and placement and employment support such as counseling, child care, and transportation), or energy conservation projects.
10. Planning activities and policy/planning/management/capacity building.
11. Administrative and overhead costs associated with implementation of the CDBG program.

III. Beware of INELIGIBLE ACTIVITIES

1. No assistance for buildings used for the general conduct of government, general government expenses (except to administer the CDBG program), or political activities.
2. No income support payments, except for emergency grants of up to three months, payable to the provider of items or services, not to individual or family in question.
3. In accordance with First Amendment Church/State Separation Principles, as a general rule, CDBG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities.

4. No expense associated with repairing, operating or maintaining public facilities, improvements and services.

CDBG ELIGIBILITY CHECKLIST

Eligibility Checklist - Part I Ineligible Activities, 24 CFR 570.207

INSTRUCTIONS: Compare each component of this project with the categories below. *If the scope of the project in question falls in line with one of the following, then the project is INELIGIBLE for CDBG funding.*

The following activities **may not be assisted with CDBG funds** unless authorized under the provisions of Sec. 570.203(Part III), or as otherwise specifically noted herein or when carried out by an entity under the provisions of Sec. 570.204(Part IV).

1. Building or portions thereof, used for the general conduct of government;
2. General government expenses (except to administer the CDBG program); and
3. Political activities.

The following activities **may not be assisted with CDBG funds** unless authorized under the provisions of Sec. 570.203(Part V), or as otherwise specifically noted herein, or when carried out by an entity under the provisions of Sec. 570.204 (Eligibility, Part VI):

1. **Purchase of equipment.** The purchase of equipment with CDBG funds is generally ineligible.
2. **Construction equipment.** The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to OMB Circulars A-21, A-87, or A-122, as applicable, for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under Sec 750.201(c). (Eligibility, Part III)
3. **Fire Protection Equipment.** Fire protection equipment is considered, for this purpose, to be an integral part of a public facility and thus, purchase of such equipment would be eligible under Sec. 570.201(c).
4. **Furnishings and personal property.** The purchase of equipment, fixtures, motor vehicles, furnishing, or other personal property that is not an integral structural fixture is generally ineligible. However, CDBG funds may be used to purchase or to pay depreciation or use allowances (in accordance with OMB Circular A-21, A-87, or A-122, as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as fire fighting equipment, or when such items constitute all or part of a public service, pursuant to Sec. 570.201(e).
5. **Operating and Maintenance Expenses.** The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements, and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service would be eligible under Sec. 750.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:
6. Maintenance and repair of publicly owned streets, parks, playgrounds, and water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities, parking and other public facilities

and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and

7. Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works facilities.
8. **New housing construction.** For the purpose of this paragraph, activities in support of the development of low- or moderate-income housing include clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in Sec.570.206(g), are not considered as activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction except:
 - ◆ As provided under the “last resort housing” provisions set forth in 24 CFR, Part 42.;
 - ◆ As authorized under Sec. 570.201(m); or
 - ◆ When carried out by an entity pursuant to Sec. 570.204(a).
9. **Income payments.** The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, “income payments” means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three (3) consecutive months to the provider of such items or services on behalf of an individual or family.

Eligibility Checklist - Part II

National Objective Criterion, 24 CFR 570.208

INSTRUCTIONS: Compare each component of this project with the categories below and place a check near the objective that represents the intent and purpose of this project as it relates to the National Objectives. ***Each CDBG-assisted activity must meet one of the three National Objectives.***

1. Benefiting a low- and moderate-income neighborhood because 51% or more of the residents are low- or moderate-income, with low- or moderate-income defined as:

Number of Persons in Family								
D.C. Family Income Limits	1	2	3	4	5	6	7	8
Low-Income	\$30,450	\$34,800	\$39,150	\$ 43,500	\$ 47,000	\$ 50,450	\$ 53,950	\$ 57,400
Moderate-Income	\$51,250	\$58,550	\$65,900	\$73,200	\$79,050	\$84,900	\$90,750	\$96,600

Provide any information that may clarify project objective:

2. Aiding in the prevention or elimination of slums or blight in a strategic area.
3. Addressing an immediate threat to health or welfare that appeared recently or became urgent within the last 18 months or so and cannot be immediately addressed any other way.

Eligibility Checklist - Part III

Basic Eligible Activities, 24 CFR 570.201

INSTRUCTIONS: Compare each component of this project with the categories below.

Basic Eligible Activities

- 1. Do any components of the proposed project involve an Acquisition?**
☐ Acquisition, in whole or in part, by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of Sec. 570.207.

- 2. Do any components of the proposed project involve a Deposition?**
☐ Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or, property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in Sec. 570.504

- 3. Do any components of the proposed project include Public Facilities Improvements?**
☐ Improvements include: acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in Sec. 570.207(a), carried out by the recipient or other public or private nonprofit entity.

- 4. Do any components of the proposed project include Clearance Activities?**
☐ Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites.

- 5. Do any components of the project involve the provision of Public Service?**
☐ Provision of public services (including labor, supplies, and materials) including, but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, and welfare, excluding the provision of income payments identified under Sec 570.207(b)(4), home buyer down payment assistance, or recreational needs.

- 6. Do any components of the project involve use of funds for Interim Assistance?**
☐ Assistance for activities were objectively determinable signs of physical deterioration.

- 7. Do any of the components of the project involve the use of funds for payment of Non-Federal Share?**
☐ Payment of the non-Federal Share is required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided that such payment shall be limited to activities otherwise eligible and in compliance.

- 8. Do any of the components of the project involve Urban Renewal Completion?**
☐ Payments of the cost of completing an urban renewal project funded under Title I of the Housing Act of 1949, as amended. Further information regarding the eligibility of such costs is set forth in Sec. 570.801

9. Do any components of the project involve Relocation?

- ☐ Relocation payments and other assistance for permanently and temporarily relocated individuals, families, businesses, nonprofit organizations, and farm operations where the assistance is 1) required under the provisions of Sec. 570.606(b) or (c); or 2) determined by the grantee to be appropriate under the provisions of Sec 70.606(d).

10. Do any components of the project involve Loss Of Rental Income?

- ☐ Payments to housing owners for losses of rental income incurred in holding, for temporary period, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.

10. Do any components of the project involve Housing Services?

11. Do any components of the project involve Privately Owned Materials?

- ☐ CDBG funds may be used to acquire, construct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.

12. Do any components of the project involve the Construction of Housing?

- ☐ CDBG funds may be used for the construction of housing assisted under Section 17 of the United States Housing Act of 1937.

13. Do any of the components of the project involve Home ownership Assistance?

- ☐ The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for profit subrecipients) to facilitate economic development by:

- ✓ Providing credit, including but not limited to: grants, loans, loan guarantees, and
- ✓ other forms of financial support, for the establishment, stabilization, and expansion
- ✓ of micro-enterprises.
- ✓ Providing technical assistance, advice, and business support services to owners
- ✓ of micro-enterprises and persons developing micro-enterprises.
- ✓ Providing general support, including but not limited to: peer support programs,
- ✓ counseling, child care, transportation, and other similar services to owners of
- ✓ micro-enterprises and persons developing micro-enterprises.

Services, as provided in this paragraph, shall not be subject to the restrictions on public services contained in the Federal Regulations under **Public Services** in this section.

For the purposes of this paragraph, “persons developing micro-enterprises” means such persons who have expressed interest and who are or, after an initial screening process, are expected to be actively working toward developing businesses, each of which is expected to be a micro-enterprise at the time it is formed. Assistance under this paragraph may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph.

14. Do any components of the project involve Technical Assistance?

- ☐ Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood or economic development activities.

15. Do any components of the project involve Assistance to Higher Education?

- ☐ Provision of assistance by the recipients to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this paragraph.

Eligibility Checklist - Part IV

Eligible Rehabilitation and Preservation Activities, 24 CFR 570.202

INSTRUCTIONS: Compare each component of this project with the categories below.

1. Do any of the components of the proposed project involve financing the rehabilitation of the following types of buildings and improvements?

- ◆ Privately owned buildings and improvements for residential purposes; Improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building;
- ◆ Low-income public housing and other publicly owned residential buildings and improvements;
- ◆ Publicly or privately owned commercial or industrial buildings, except the rehabilitation of such buildings owned by a private, for profit business is limited to improvements to the exterior of the building and the correct of code violations;
- ◆ Nonprofit-owned nonresidential buildings and improvements not eligible under Sec. 570.203(c); and
- ◆ Manufactured housing when such housing constitutes part of the community's permanent housing stock.

CDBG funds can be used to finance the following types of rehabilitation activities, and related costs, either singly, or in combination, through the use of grants, loans, loan guarantees, interest supplements, or other means for buildings and improvements described in Section 1, except that rehabilitation of commercial or industrial buildings owned by a private, for profit business is limited to improvements to the exterior of the building and correction of code violations.

2. Will CDBG funds be used to finance any of the following activities?

- a. Assistance to private individuals and entities, including profit-making and nonprofit organizations, to acquire for the purpose of rehabilitation, and to rehabilitate properties, for use or resale for residential purposes;
- b. Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures, which may be undertaken singly, or in combination;
- c. Loans for refinancing existing indebtedness secured by a property being rehabilitated with CDBG funds if such financing is determined by the recipient to be necessary or appropriate to achieve the locality's community development objectives;
- d. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;
- e. Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks;
- f. Connection of residential structures to water distribution lines or local sewer collection lines;

- g. for rehabilitation carried out with CDBG funds, costs of:
 - (1) initial home owner warranty premiums;
 - (2) hazard insurance premiums, except where assistance is provided in the form of a grant;
 - (3) flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973, pursuant to Sec. 570.605; and
 - (4) procedures concerning inspection and testing for and abatement of lead-based paint, pursuant to Sec. 570.608.
- h. Costs of acquiring tools to be lent to owners, tenants, and others who will use such tools to carry out rehabilitation;
- i. Rehabilitation services, such as rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities authorized under this section, under Section 312 of the Housing Act of 1964, as amended, under Section 810 of the Act, or under Section 17 of the United States Housing Act of 1937;
- j. Assistance for the rehabilitation of housing under Section 17 of the United States Housing Act of 1937; and
- k. Improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to buildings and improvements eligible for assistance under paragraph (a) of this section.

3. Will any of the funds be used to comply with Code Enforcement?

- ◆ Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement, together with public or private improvements, rehabilitation, or services to be provided, may be expected to arrest the decline of the area.

4. Will any of the funds be used for the rehabilitation, preservation, or restoration of Historic properties, whether publicly or privately owned?

5. Will any of the funds be used to renovate Closed Buildings, such as closed school buildings, for use as an eligible facility or to rehabilitate such buildings for housing?

6. Will any of the funds be used to conduct Lead-Based Paint Hazard Reduction?

HOME INVESTMENT PARTNERSHIPS PROGRAM

SUMMARY OF HUD HOME PROGRAM REGULATIONS

HOME Funds contributions to qualifying projects can be in the following forms:

- ◆ Interest bearing loans or advances;
- ◆ Non-interest bearing loans or advances;
- ◆ Deferred loans (forgivable or repayable);
- ◆ Grants;
- ◆ Interest subsidies;
- ◆ Equity investments; and
- ◆ Loan Guarantees and loan guarantee accounts.

Project costs that are **eligible** for use of HOME Program funds are as follows:

- ◆ New construction;
- ◆ Rehabilitation;
- ◆ Reconstruction;
- ◆ Conversion;
- ◆ Site improvements essential to a new housing development or repair to existing improvements;
- ◆ Acquisition of improved property;
- ◆ Acquisition of vacant land;
- ◆ Demolition;
- ◆ Relocation costs;
- ◆ Refinancing;
- ◆ Capitalization of project reserves; and
- ◆ Project related soft costs.

Project costs that are **prohibited activities** for use of HOME Program funds are as follows:

- ◆ Project reserve accounts/operating subsidies;
- ◆ Tenant-based rental assistance for certain purposes – federal Rental Rehabilitation Program (Section 17) or certain mandated existing Section 8 Program uses;
- ◆ Match for other federal programs;
- ◆ Operations or modernization of public housing;
- ◆ After first year of completion of HOME funded project, no additional HOME funds may be provided for that project; and
- ◆ Acquisition of government-owned property for other than a HOME eligible project.

Property Value Limits

For owner-occupied and homebuyer properties, the limit on the value of the rehabilitated property or the purchase price of the property may not exceed 95 percent of the area median purchase price.

HOME Applicant Income Eligibility

Beneficiaries of HOME funds, homebuyers, homeowners or tenants, must have an annual gross household income (including all adults in a family residing in the residential unit) of less than 80 percent of median income as shown in the chart below. There is an additional proviso that the District must spend its HOME funds so that at least 90% of households assisted through the rental program have incomes that do not exceed 60% of AMI. Also, in projects of five or more HOME-assisted units, at least 20% of HOME-assisted rental units must be occupied by families who have annual incomes that are at 50% or less of AMI.

HOME Income Limits (2003)

Household size	1	2	3	4
Maximum income – 80%	\$39,950	\$45,200	\$50,850	\$56,500
Maximum income – 60%	36,540	41,760	46,980	52,200
Maximum income – 50%	30,450	34,800	39,150	43,500
Household size	5	6	7	8
Maximum income – 80%	\$61,000	\$65,550	\$70,050	\$74,600
Maximum income – 60%	56,400	60,540	64,740	68,880
Maximum income – 50%	47,000	50,450	53,950	57,400

Affordability Periods

For homebuyer and rental projects, the length of the affordability period depends on the amount of the HOME investment in the property and the nature of the activity funded. The table below provides the affordability periods.

HOME Investment Period	Length of the Affordability Period
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
New construction of rental housing	20 years
Refinancing of rental housing	15 years

Throughout the affordability period, the HOME-assisted housing must be occupied by income eligible households.